

State/Cnty LUMP SUM SALE

Definitions

A lump sum sale is a sale of forest products whereby the minimum acceptable bid or negotiated sale value is based on pre-sale volume estimate and appraisal. No scale of the cut products is involved and no refunds are made for volume adjustment claims.

Per unit stumpage rates by species must be itemized in both the bid and sale contract. This is required to provide for payment for additional volume that may become necessary to cut due to catastrophic losses or in settlement of a contract termination or dispute.

General

The purpose of lump sum sales is to reduce unreasonable costs which would occur to the buyer or seller using conventional sales methods.

Forest products permits, lump sum and conventional scaled sales may be awarded to a contractor. However, a contractor may not haul from two types of sales on a forest or property at the same time without approval. This is to avoid any questions regarding which type of sale the contractor is transporting forest products from.

Regular timber sale inspections must be continued to ensure silvicultural aspects of the sale are implemented.

State/Cnty Financial Limits - Sales of any value may be sold lump sum.

State Payment - Full payment will be required prior to cutting. Total payment may be divided into a maximum of 4 payments. If multiple payments are used, an equivalent number of corresponding cutting units must also be used. Payment for a cutting unit must be received prior to any cutting in that unit.

State Cutting Units - Required when multiple payments will be used. Order of cutting units is to be specified in contract, and each must be completed prior to cutting in another unit.

State/Cnty Sale Forms, Approvals - Form 2460-1 shall be used and cruise documentation shall be maintained in the permanent file.

State Performance Bond - Optional for sales under \$2,000 of appraised value but should be required if there is reason to believe that a problem could occur. Sales of \$2,000 and over require a minimum of 10% of bid value or \$750, whichever is greater.

State Worker's Compensation - All operators are to comply with the worker's compensation law. Proof of coverage will be required for all employees.

State Contract, Term, and Extensions - Timber Sale Contract, Form 2400-5, will be used. Contract term will be limited to 4 years.

State/Cnty Reporting Volumes Cut - Standard reporting procedure will apply. Counties filing partial reports on Form 2460-1 should report "best estimate" of volume cut to date and the balance on the final report (Notice C).

State/Cnty Total Reported Values - When filling out final reports on Form 2460-1, the total reported values on Form 2460-1 should be the same as the total sold values.